

1 AN ACT to amend the Uniform Commercial Code.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Uniform Commercial Code is amended by
5 changing Section 3-407 as follows:

6 (810 ILCS 5/3-407) (from Ch. 26, par. 3-407)

7 Sec. 3-407. Alteration.

8 (a) "Alteration" means (i) an unauthorized change in an
9 instrument that purports to modify in any respect the
10 obligation of a party, or (ii) an unauthorized addition of
11 words or numbers or other change to an incomplete instrument
12 relating to the obligation of a party. The unauthorized
13 addition of words or numbers is not limited to changes made
14 electronically or by encoder.

15 (b) Except as provided in subsection (c), an alteration
16 fraudulently made discharges a party whose obligation is
17 affected by the alteration unless that party assents or is
18 precluded from asserting the alteration. No other alteration
19 discharges a party, and the instrument may be enforced
20 according to its original terms.

21 (c) A payor bank or drawee paying a fraudulently altered
22 instrument or a person taking it for value, in good faith and
23 without notice of the alteration, may enforce rights with
24 respect to the instrument (i) according to its original
25 terms, or (ii) in the case of an incomplete instrument
26 altered by unauthorized completion, according to its terms as
27 completed.

28 (Source: P.A. 87-582; 87-1135.)